



THE APPRAISAL FOUNDATION
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APPRAISAL STANDARDS BOARD

USPAP Q&A

2010 USPAP Q&A

Issue Date: January 5, 2010

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

EDITORIAL NOTE: Beginning with this edition, the ASB will be publishing USPAP Q&As on an “as needed” basis rather than monthly basis. With each publication, the individual questions and responses will have a numeric reference associated with the year and order of their publication.

For example, the five Q&As being published in this edition will be identified as numbers 2010–01 through 2010–05. The Q&As will continue to be compiled and placed in the appropriate topic areas of the *Frequently Asked Questions* section of each subsequent edition of USPAP, when relevant.

For the reader’s current benefit, each Q&A published under the new numbering system will be listed with the specific section where it would be placed in the *Frequently Asked Questions* section of the next edition of the USPAP document. For example, each Q&A in this particular issue will appear in the section titled “**ETHICS RULE – CONDUCT.**”

2010 USPAP Q&A

January 5, 2010

2010-01: ETHICS RULE – CONDUCT**Disclosure of any prior services regarding the subject property, when an appraiser has appraised the property multiple times.****Question:**

If I have appraised a property multiple times within the previous three years, do I have to disclose the *number* of appraisal services? (e.g., “I have appraised the subject property three times during the previous three years.”)

Response:

Yes. Each prior service must be disclosed to the client and included in the report certification. This disclosure is similar to when an appraiser has any current or prospective interest in the subject property or the parties involved, which requires that *each interest* be specified. Therefore, *each service* must be disclosed to the client and appear in the certification. (See lines 231-241 in the 2010-11 edition of USPAP)

2010-02: ETHICS RULE – CONDUCT**Disclosure of any prior services regarding the subject property, when an appraiser has performed services other than appraisal practice.****Question:**

If I have performed a service other than appraisal practice, such as acting as a general contractor within the prior three years, do I have to describe the specific service or merely state a service was performed?

Response:

You must disclose to the client the type of prior service you performed regarding the property and this must be included in the report certification. This disclosure is not limited to services provided as part of appraisal practice. Therefore, *each service* must be disclosed to the client and appear in the certification.

2010-03: ETHICS RULE – CONDUCT**Disclosure of any prior services regarding the subject property before accepting an assignment, when the client had previously required an appraiser to sign a confidentiality agreement.****Question:**

The Comment to the Conduct section of the ETHICS RULE states, in part, “If an appraiser has agreed with a client not to disclose that he or she has appraised a property, the appraiser must decline all subsequent assignments that fall within the three-year period.” Does this really mean that the appraiser could not be engaged by this same client, on this property, within the three-year period?

Response:

Yes. The agreement not to disclose that he or she has appraised the property is between an appraiser and the client. It is possible that a qualified legal opinion might conclude that a confidentiality agreement between an appraiser and a client does not preclude disclosure between the same parties. However, the ASB is not qualified to make such a determination. Without such a legal opinion, the requirement precludes an appraiser from disclosing the prior service and from appraising the property again during this three-year disclosure period.

However, there is nothing that prohibits a client and an appraiser from modifying the prior agreement to allow disclosure. If the confidentiality agreement is amended, the disclosure could be made and an appraisal could be completed for the same client. It must be made clear that if a client releases an appraiser from such a confidentiality agreement, services performed within the previous three-year period *must be disclosed* in the certification of the subsequent report, even if the client is the same for both assignments.

2010-04: ETHICS RULE – CONDUCT

Disclosure of any prior services regarding the subject property before accepting an assignment, when the appraiser only works for one client.

Question:

I am a staff appraiser for a company and only complete appraisals for my employer's (the company's) internal use. Am I required to inform the company that I have previously completed an appraisal within the three-year period when the company is already aware of it?

Response:

If you consistently correspond with the same person in the company when completing subsequent assignments regarding the same property, the risk of misleading that person is probably minimal. However, your prior services must still be disclosed. When you are working with the same person and they understand your professional responsibilities, it is unlikely this will be a problem.

It is also possible that the specific person you deal with from one instance to the next may change. In this case, the new contact must certainly be informed if you have performed services regarding the subject property within the last three years.

While it is not included in your question, there is also the possibility that you may have performed services regarding that property for a different client within the three-year period, or performed another type of service.

2010-05: ETHICS RULE – CONDUCT**Disclosure requirements when an appraiser has NOT performed services regarding a property in the prior three years.****Question:**

I am aware of the new disclosure requirements in the Conduct section of the ETHICS RULE for the 2010-11 edition of USPAP that requires me to disclose any services I performed regarding the subject property within the prior three years. If I have *not* performed any such services, am I required to make that disclosure as well?

Response:

No. USPAP does not specifically require disclosure when no prior services were performed by the appraiser within the last three years.

The USPAP Q&A is posted on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the “Foundation Store” page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>).

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